

Growth Management Committee

**Tuesday January 10, 2006
1:15 PM – 3:15 PM
212 Knott Building**

**Allan G. Bense
Speaker**

**Randy Johnson
Chair**

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Speaker Allan G. Bense

(AMENDED 12/30/2005 11:16:11AM)

Amended(1)

Growth Management Committee

Start Date and Time: Tuesday, January 10, 2006 01:15 pm

End Date and Time: Tuesday, January 10, 2006 03:15 pm

Location: 212 Knott Building

Duration: 2.00 hrs

Presentations:

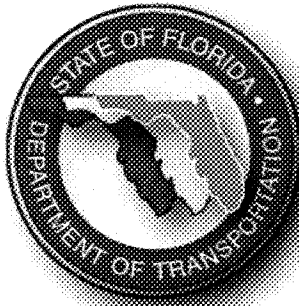
Cost Increases and the 5 Year Work Program
Florida Department of Transportation

Centerville - A Conservation Community
Randall Arendt

Interim Projects Update
Committee Staff

NOTICE FINALIZED on 12/30/2005 11:16 by RESHARD.DEBRA

Road/Bridge Construction Cost Increases



January 2006

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Causes for Major Cost Increases

- Construction market saturation
 - “Hot” Market, both public and private sector
 - Additional work recovering from 8 hurricanes
 - Labor shortages
 - Material shortages
- Fuel cost increases



Causes for Major Cost Increases

- Materials price increases (earthwork, asphalt, concrete, steel)
- Trucking cost increases
- Project requirements:
 - Hours of operation
 - Night work
 - Delayed start
 - Asphalt warranties



Construction Price Increases

Pay Item Group	Unit	2003	2004	Change	2005	Change
Earthwork	CY	\$4.96	\$4.38	-11.7%	\$7.24	+65.3%
Asphalt	TN	\$55.93	\$61.63	+14.3%	\$75.81	+21.9%
Concrete (Structural)	CY	\$550.56	\$564.12	+2.5%	\$749.87	+32.8%
Steel (Structural)	LB	\$1.06	\$1.48	+39.6%	\$1.57	+6.1%
Steel (Reinforcing)	LB	\$0.52	\$0.75	+44.2%	\$0.89	+18.7%

Wide Spread Impacts

- Counties and other major states facing similar issues:
 - Florida Association of County Engineers and Superintendents confirmed similar results
 - Growth states also confirmed similar results, although those away from the hurricane impacts have not felt these impacts other than fuel prices

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Construction Contract Bids

- Amount bid compared to the estimated cost in the Work Program:
 - FY05 bid over estimate by 12%
 - FY06 bid over estimate by almost 13% from July to November
 - Varies by geographical areas, heaviest in Southern part of state and more recently in the Panhandle

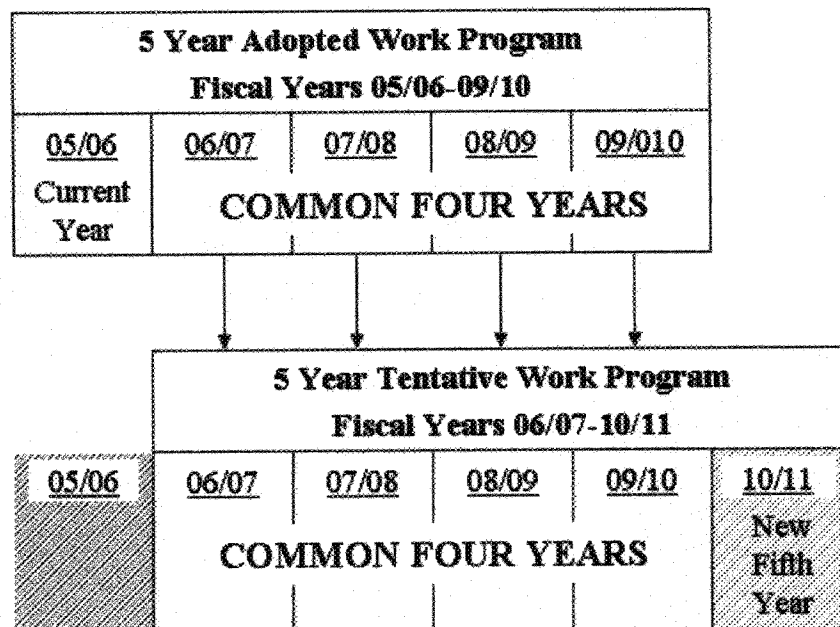
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Work Program Development Cycle

- July 2005 Work Program Adopted for FY06-FY10
- July – October 2005 Project Cost Estimates Updated for Common Four Years (FY07-FY10)
- September 2005 - February 2006 Tentative Work Program updated FY07-FY10 and add FY11 (New Fifth Year)

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Work Program Development Cycle



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Cost Increases Impact on Work Program

- “Normal” Cost increases are planned for with “safety factors” built into the Work Program to help “protect” projects:
 - Construction Inflation factors
 - Project level contingencies
 - “Box” contingencies

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Impact of “Abnormal” Cost Increases on Work Program

- Section 339.135 requires the Work Program to be balanced to available revenues:
 - Abnormal cost increases result in some project deferrals, with a few beyond FY11 (New Fifth Year)
 - Partially offset by “new” funds from November Transportation REC update and SAFETEA-LU

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How Were Deferrals Selected?

- Federal/State law and policies provide the following funding priorities:
 1. Safety, Operations, and Routine Maintenance
 2. Long-Term Maintenance, Preservation (resurfacing and bridge repair/replacement)
 3. Capacity Improvements

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How Were Deferrals Selected?

- Projects within Priorities 1. and 2. were protected.
- Capacity projects were then protected to the extent funds were available:
 - DOT districts worked within priorities set by and in consultation with MPOs and Counties within available funds
 - Varies by geographical area due to larger cost increases in some districts

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Public Input

- Tentative Work Program is an interactive process:
 - Local public hearings
 - Discussions with local officials and legislators
 - Statewide public hearing
- DOT is using this input to refine the Tentative Work Program within available funds

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Improvement Actions

- Working to add industry capacity:
 - Advertise/search for additional contractors
 - Eliminate impediments to increased competition while ensuring quality products and services
 - Research options to increase labor pool and address materials shortages
- Summit to examine cost increases in February in Orlando
 - Work with industry and others to identify best options to improve the situation

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Improvement Actions

- Re-examining internal project management and cost estimating processes:
 - Identifying best practices and training on best practices underway
 - Adding a performance measure on DOT “dashboard” on cost estimating
 - Project scoping being better defined and managed
 - Bids over a tolerance (15%) level compared to the estimate have to be approved by Secretary

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Improvement Actions

- Construction inflation factors increased and more timely indexes being created
- Work Program “contingencies” increased from about 11% to about 15% overall
- Closer interaction with officials established prior to future actions on proposed project impacts

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Next Steps

- Tentative Work Program presented in draft in February and formally in early March to Governor and Legislature
- Ideas/proposals will be presented to the Governor and Legislature to better equip the DOT and the industry to respond to major price issues based on the Summit in February and other related information – some may be “out of the box” thinking

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Supporting Materials

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Contract Lettings

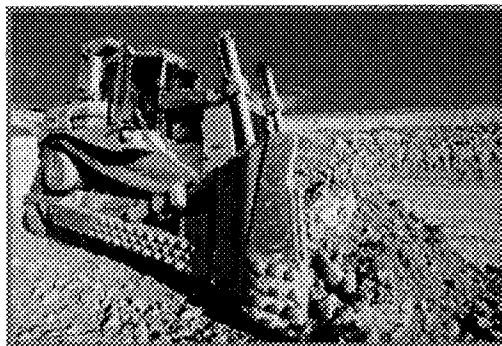
Fiscal Year	Number of Contracts	Avg Number of Bidders Per Contract	Contracts With No Bid	Contracts with One Bid	Contracts with Two Bids	Percent of Contracts w/0, 1, or 2 Bids
2002/03	243	4.3	0	7	27	14%
2003/04	238	3.9	0	20	43	27%
2004/05	240	3.5	4	11	51	28%
2005/06*	96	2.9	1	6	32	41%

* Data through November 2005 Letting

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Earthwork Explanation

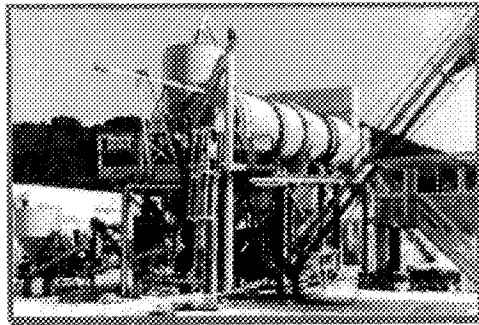
- Prices up over 65% in 2005:
 - Borrow Pit Availability
 - Transportation
 - Permits



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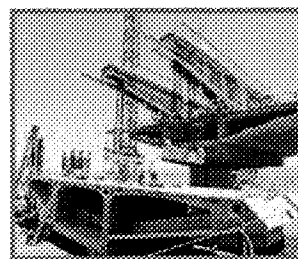
Asphalt Explanation

- Prices up 14% in 2004 and 22% in 2005:
 - Oil Prices
 - Materials and Aggregates Transportation Cost
 - Bitumen Prices



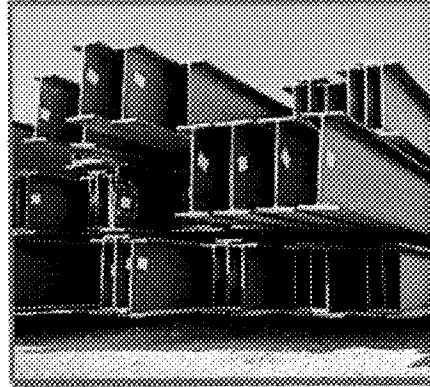
Structural Concrete Explanation

- Prices up 33% in 2005:
 - Cement Price (China demand)
 - Materials and Aggregates Transportation Costs
 - Additional Cost to Open Concrete Plant for Night Work



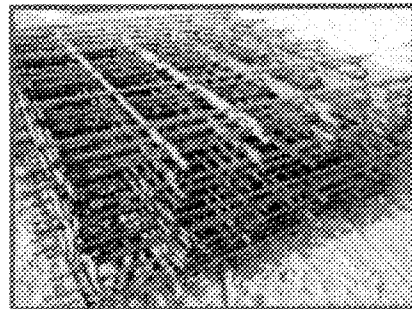
Structural Steel Explanation

- Prices up 40% in 2004 and 6% in 2005:
 - China Demand in 2004
 - Virgin Steel Prices



Reinforcing Steel Explanation

- Prices up 44% in 2004 and 19% in 2005:
 - Raw Material Prices (China demand in 2004)
 - Scrap metal prices



Contract Bid Analysis – For 04/05 (Statewide Summary through June Letting)

<u>District</u>	<u>Adopted</u>	<u>Low Bid</u>	<u>Over/(-)Under</u>	<u>% of Chg</u>
D1	216.1	301.3	85.2	39.0%
D2	470.9	450.4	(20.5)	-4.0%
D3	383.2	406.4	23.2	6.0%
D4	186.3	209.5	23.2	12.0%
D5	333.6	324.2	(9.4)	-3.0%
D6	356.2	463.7	107.5	30.0%
D7	186.8	199.5	12.7	7.0%
TPK	445.8	535.6	89.8	20.0%
TOTALS	\$2,578.9	\$2,890.6	\$311.7	12.0%

Note:

Includes all projects let by the department through June 2005

This report compares the "Apparent low bid dollar amount" to the "July Adopted Dollar Amount"

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Contract Bid Analysis – For 05/06 (Statewide Summary through Nov. Letting)

<u>District</u>	<u>Adopted</u>	<u>Low Bid</u>	<u>Over/(-)Under</u>	<u>% of Chg</u>
D1	59.9	70.0	10.1	16.9%
D2	72.4	75.3	2.9	4.0%
D3	77.2	93.5	16.3	21.1%
D4	108.6	128.6	20.0	18.4%
D5	269.4	276.1	6.7	2.5%
D6	13.5	13.0	(0.5)	-3.7%
D7	102.3	118.5	16.2	15.8%
TPK	83.3	110.3	27.0	32.4%
TOTALS	\$786.6	\$885.3	\$98.7	12.5%

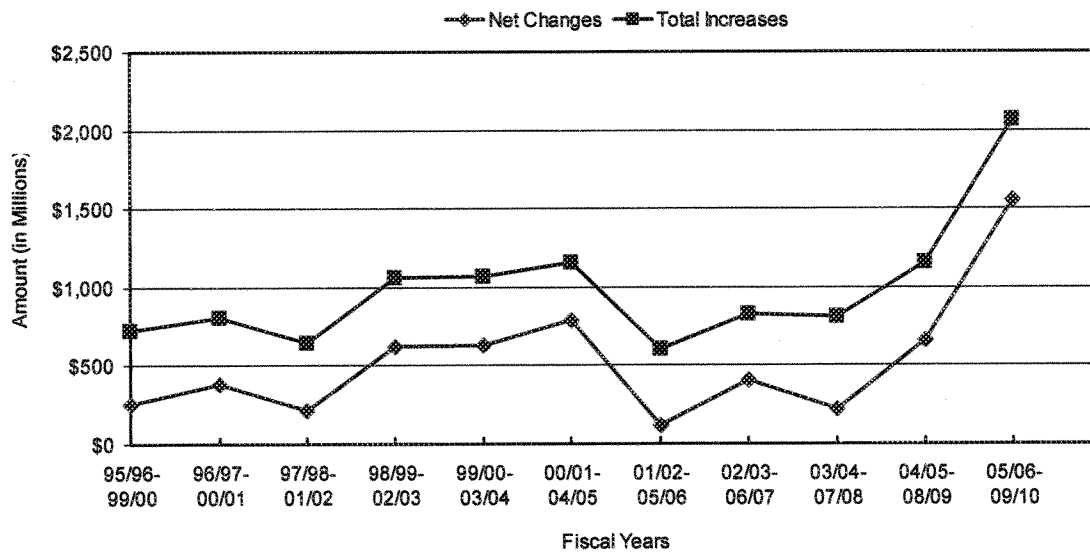
Note:

Includes all projects let by the department through November 2005

This report compares the "Apparent low bid dollar amount" to the "July Adopted Dollar Amount"

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History of Cost Estimate Changes in the Work Program Highways and Bridges



FY 95/96 – FY 08/09 is based on Adopted vs Tentative Work Program. FY 05/06-09/10 is based on 7/1/05 Adopted vs 12/16/05 Tentative.

**State Infrastructure Council
Growth Management Committee
2005 Interim Projects Update
— January 10, 2006**



**Randy Johnson, Chair
Mike Davis, Vice Chair**

2005 Interim Projects

- The Committee had 2 interim projects:
 - Post Session Review CS/CS/CS SB 360
 - Development of Regional Impact Affordable Housing Mitigation
- Draft reports are scheduled to be submitted to the Speakers' Office this week for review. The information contained in this update is subject to change pending approval by the Speaker.

Post Session Review of CS/CS/CS SB 360

- Purpose: conduct a review of CS/CS/CS SB 360 (Act) with Senate staff, state agencies and interested parties to determine if additional legislation is necessary and what issue would be appropriate for inclusion into such legislation.

Post Session Review of CS/CS/CS SB 360

- Committee staff widely distributed a request for comments, suggestions, and recommendations.
- 19 Individuals/Entities replied by November 2005.

Post Session Review of CS/CS/CS SB 360

- Comments are sorted into three groups:
 - Glitch.
 - Policy Refinements.
 - New Issues.
- The Speaker approved the Committee to work on 3 proposed committee bills that follow a general description of the three categories listed above.

■ Post Session Review of CS/CS/CS SB 360

- Glitch
 - Citation Errors
 - Nomenclature
 - Funding

Post Session Review of CS/CS/CS SB 360

■ Citation Errors:

4 Citation Errors in CS/CS/CS SB 360			
Section of the Act	Statute Section Amended	Erroneous Citation	Corrected Citation
5	163.3180(13)(f)1.	163.31777(6)	163.31777
5	163.3180(16)(b)1.	163.164(32)	163.3164(32)
6	163.3184(17)	163.31773(13)	163.3177(13)
12	339.2819(4)(a)2.	163.3177(9)	163.3180(9)

Post Session Review of CS/CS/CS SB 360

- Nomenclature – The Act includes the use of 6 different terms for the proportionate share concept:
 - proportionate fair-share mitigation
 - proportionate share
 - mitigation proportionate to
 - proportionate share mitigation
 - proportionate fair-share contributions
 - proportionate share agreement

Act Section	Statute Section	Term(s) Used
1	163.3164(32)	"proportionate share"
5	163.3180(13)(e)	"mitigation proportionate to" & "proportionate-share mitigation"
5	163.3180(13)(e)1	"proportionate – share mitigation"
5	163.3180(13)(e)2	"proportionate – share mitigation"
5	163.3180(13)(e)3	"proportionate – share mitigation"
5	163.3180(13)(g)8	"proportionate – share mitigation"
5	163.3180(16)	"proportionate fair – share mitigation"
5	163.3180(16)(a)	"proportionate fair – share mitigation"
5	163.3180(16)(b)1	"proportionate fair – share mitigation" & "proportionate fair – share contributions"
5	163.3180(16)(b)2	"proportionate fair-share mitigation"
5	163.3180(16)(c)	"proportionate fair – share mitigation" & "proportionate fair-share contribution"
5	163.3180(16)(f)	"proportionate share agreement" & "proportionate share"
17	380.06(24)(l), (m), & (n)	"proportionate share"

Post Session Review of CS/CS/CS SB 360

■ Funding

- FDOT nonrecurring SIS is \$200M, but was supposed to be \$175M.
- FDOT SIB appropriation was nonrecurring with recurring transfer.
- Classrooms for Kids \$41.65M recurring appropriation with \$75M recurring transfer.
- High Growth Dist. Capital Outlay Assistance Grant Program has a \$30M transfer with no appropriation.
- DCA has \$50K nonrecurring cash in trust fund for vetoed School Concurrence Task Force.
- DCA had \$250K TF transfer for Century Commission with no recurring appropriation.

Post Session Review of CS/CS/CS SB 360

- Policy Refinement:
 - Urban Infill Incentives.
 - Capital Improvement Element (CIE)/Comprehensive Plan.
 - 3rd Party Challenge to CIE/Comprehensive Plan.
 - Century Commission
 - Long Term Concurrency Management Plans.

Post Session Review of CS/CS/CS SB 360

- Policy Refinements (cont.)
 - “Financial feasibility” definition.
 - Rural Land Stewardship.
 - Community Vision.
 - School Concurrency.
 - Water Concurrency.
 - Transportation Concurrency.

Post Session Review of CS/CS/CS SB 360

- New Issues
 - Realignment of Regional Boundaries.
 - Impact Fees.
 - Annexation.
 - Regionalism.
 - County Preemption.
 - Affordable Housing.

Development of Regional Impact Affordable Housing Mitigation

- Statutory and regulatory provisions require certain developments of regional impact (DRI) to undergo an analysis of the need for, and the required provision of (mitigation), affordable housing generated in conjunction with the DRI project.

Development of Regional Impact Affordable Housing Mitigation

- Committee staff learned that the Department of Community Affairs (DCA) and the 11 regional planning councils (RPC) have different implementation methodologies for accomplishing the analysis and calculating the mitigation.

Methodology Used by Individual RPCs ^[1]

Methodology Used	Regional Planning Council
East Central Methodology Only	East Central Florida West Florida Central Florida Withlacoochee Northeast Florida ^[2]
East Central Methodology Encouraged or Recommended	North Central Florida Tampa Bay ^[3]
DCA or East Central Methodology	Apalachee ^[4] South Florida ^[5]
3 Option Approach ^[6]	Southwest Florida

[1] Information was not supplied for the Treasure Coast RPC.

[2] The counties within the Northeast Florida RPC utilize the East Central Methodology except for St. Johns County. The survey results noted that "most applicants will manipulate the project phasing schedule to guarantee that Phase 1 of their development will not have a significant impact to affordable housing based on the East Central Methodology's measure of significance. St. Johns County takes a more aggressive approach that disregards the minimum mitigation requirements of either the DCA or the East Central Methodology and employs other means to address the affordable housing impacts associated with DRIs.

[3] Tampa Bay RPC does not require, but strongly recommends the use of the East Central Methodology. The few applicants that choose a different methodology have it approved at the pre-application conference. If analysis shows an unmitigated need, the applicant is required to recommend mitigation in the form of developer commitments. This RPC does not allow expansions of the 10-mile/20 minute radius.

[4] Apalachee RPC requires compliance with either the DCA or the East Central Methodology. According to the survey results, most applicants normally choose the East Central Methodology.

[5] South Florida reported allowing developers to use either the DCA or the East Central Methodology or some alternative (i.e., East Miramar Area-wide DRI, Increment II utilized an alternative methodology).

[6] The Southwest Florida RPC does not use either the DCA or the East Central Methodology. In Southwest Florida, the developer must choose one of three options to address DRI affordable housing impacts: 1) supply an appropriate number of on-site affordable housing units; 2) supply an appropriate number of off-site affordable housing units; or 3) provide a negotiated financial contribution to the local government for affordable housing.

Development of Regional Impact Affordable Housing Mitigation

- Committee staff worked with the DCA, the RPCs, and representatives of the development community to review and attempt to find resolution to issues addressed by both the agencies and the development community.
- The issues fell into 3 categories: data issues, assumption issues, and mitigation issues.
- Several telephone conferences provided an opportunity for collaborative review and resulted in a potential template for resolution of these issues.

Development of Regional Impact Affordable Housing Mitigation

- The report will present the various issues and the potential resolution status as of the date of the report.
- The parties agreed to continue conducting telephone conferences in an effort to resolve any remaining issues.